

National Indian Gaming Commission, Interior

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(v) *Change booths.* The surveillance system shall monitor and record a general overview of the activities occurring in each gaming machine change booth.

(w) *Video recording and/or digital record retention.* (1) All video recordings and/or digital records of coverage provided by the dedicated cameras or motion-activated dedicated cameras required by the standards in this section shall be retained for a minimum of seven (7) days.

(2) Recordings involving suspected or confirmed gaming crimes, unlawful activity, or detentions by security personnel, must be retained for a minimum of thirty (30) days.

(3) Duly authenticated copies of video recordings and/or digital records shall be provided to the Commission upon request.

(x) *Video library log.* A video library log, or comparable alternative procedure approved by the Tribal gaming regulatory authority, shall be maintained to demonstrate compliance with the storage, identification, and retention standards required in this section.

(y) *Malfunction and repair log.* (1) Surveillance personnel shall maintain a log or alternative procedure approved by the Tribal gaming regulatory authority that documents each malfunction and repair of the surveillance system as defined in this section.

(2) The log shall state the time, date, and nature of each malfunction, the efforts expended to repair the malfunction, and the date of each effort, the reasons for any delays in repairing the malfunction, the date the malfunction is repaired, and where applicable, any alternative security measures that were taken.

(z) *Surveillance log.* (1) Surveillance personnel shall maintain a log of all surveillance activities.

(2) Such log shall be maintained by surveillance room personnel and shall be stored securely within the surveillance department.

(3) At a minimum, the following information shall be recorded in a surveillance log:

- (i) Date;
- (ii) Time commenced and terminated;
- (iii) Activity observed or performed; and

(iv) The name or license credential number of each person who initiates, performs, or supervises the surveillance.

(4) Surveillance personnel shall also record a summary of the results of the surveillance of any suspicious activity. This summary may be maintained in a separate log.

[67 FR 43400, June 27, 2002, as amended at 70 FR 47108, Aug. 12, 2005]

PART 543—MINIMUM INTERNAL CONTROL STANDARDS FOR CLASS II GAMING

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AUTHORITY: 25 U.S.C. 2701 *et seq.*

SOURCE: 73 FR 60498, Oct. 10, 2008, unless otherwise noted.

§ 543.1 What does this part cover?

This part, along with §§ 542.14 through 542.15, 542.17 through 542.18, 542.20 through 542.23, 542.30 through 542.33, and 542.40 through 542.43 of this chapter establishes the minimum internal control standards for the conduct of Class II bingo and other games similar to bingo on Indian lands as described in 25 U.S.C. 2701 *et seq.* Throughout this part the term bingo includes other games similar to bingo.

§ 543.2 What are the definitions for this part?

The definitions in this section apply to all sections of this part unless otherwise noted.

Accountability. All financial instruments, receivables, and patron deposits constituting the total amount for which the bankroll custodian is responsible at a given time.

Actual bingo win percentage. The percentage calculated by dividing the bingo win by the bingo sales. Can be

calculated for individual prize schedules or type of player interfaces on a per-day or cumulative basis.

Agent. An employee or licensed person authorized by the gaming operation, as approved by the tribal gaming regulatory authority, designated for certain authorizations, decisions, tasks and actions in the gaming operation. This definition is not intended to eliminate nor suggest that appropriate management contracts are not required, where applicable, as referenced in 25 U.S.C. 2711.

Amount in. The total value of all financial instruments and cashless transactions accepted by the Class II gaming system.

Amount out. The total value of all financial instruments and cashless transactions paid by the Class II gaming system, plus the total value of manual payments.

Bingo paper. A consumable physical object that has one or more bingo cards on its face.

Bingo sales. The value of purchases made by players to participate in bingo.

Bingo win. The result of bingo sales minus prize payouts.

Cage. A secure work area within the gaming operation for cashiers which may include a storage area for the gaming operation bankroll.

Cash equivalents. The monetary value that a gaming operation may assign to a document, financial instrument, or anything else of representative value other than cash. A cash equivalent includes, but is not limited to, tokens, chips, coupons, vouchers, payout slips and tickets, and other items to which a gaming operation has assigned an exchange value.

Cashless system. A system that performs cashless transactions and maintains records of those cashless transactions.

Cashless transaction. A movement of funds electronically from one component to another, often to or from a patron deposit account.

Class II game. A game as described in 25 U.S.C. 2703(7)(A).

Class II Gaming System. All components, whether or not technologic aids in electronic, computer, mechanical, or other technologic form, that function

together to aid the play of one or more Class II games including accounting functions mandated by part 547 of this chapter.

Commission. The National Indian Gaming Commission.

Count. The act of counting and recording the drop and/or other funds.

Count room. A secured room where the count is performed.

Coupon. A financial instrument of fixed wagering value, usually paper, that can only be used to acquire non-cashable credits through interaction with a voucher system. This does not include instruments such as printed advertising material that cannot be validated directly by a voucher system.

Drop. The total amount of financial instruments removed from financial instrument storage components in Class II gaming systems.

Drop period. The period of time that occurs between sequential drops.

Electronic funds transfer. A transfer of funds to or from a Class II gaming system through the use of a cashless system, which are transfers from an external financial institution.

Financial instrument. Any tangible item of value tendered in Class II game play including but not limited to bills, coins, vouchers, and coupons.

Financial instrument acceptor. Any component that accepts financial instruments.

Financial instrument storage component. Any component that stores financial instruments.

Game software. The operational program or programs that govern the play, display of results, and/or awarding of prizes or credits for Class II games.

Gaming Equipment. All electronic, electro-mechanical, mechanical or other physical components utilized in the play of Class II games.

Independent. The separation of functions so that the person or process monitoring, reviewing or authorizing the controlled transaction(s) is separate from the persons or process performing the controlled transaction(s).

Inter-tribal prize pool. A fund to which multiple tribes contribute from which prizes are paid to winning players at a participating tribal gaming facility and which is administered by one of

the participating tribes or a third party, (e.g. progressive prize pools, shared prize pools, etc.).

Internal audit. The audit function of a gaming operation that is independent of the department subject to the audit. Internal audit activities should be conducted in a manner that permits objective evaluation of areas examined.

Internal auditor. The person(s) who perform an independent audit. Independence is obtained through the organizational reporting relationship, as the internal audit department must not report to management of the gaming operation. Internal audit personnel may provide audit coverage to more than one operation within a tribe's gaming operation holdings.

Kiosk. A self serve point of sale or other component capable of accepting or dispensing financial instruments and may also be capable of initiating cashless transactions of values to or from a patron deposit account or promotional account.

Manual payout. The payment to a player of some or all of a player's accumulated credits (e.g. short pays, cancelled credits, etc.) or an amount owed as a result of a winning event by an agent of the gaming operation.

MICS. Minimum internal control standards in this part.

Non-cashable credit. Credits given by an operator to a patron; placed on a Class II gaming system through a coupon, cashless transaction, or other approved means; and capable of activating play but not being converted to cash.

Patron deposit account. An account maintained on behalf of a patron, for the purpose of depositing and withdrawing cashable funds for the primary purpose of interacting with a gaming activity.

Patron deposits. The funds placed with a designated cashier by patrons for the patrons' use at a future time.

PIN. A personal identification number.

Player interface. Any component(s) of a Class II gaming system, including an electronic or technological aid (not limited to terminals, player stations, handhelds, fixed units, etc.) that directly enable(s) player interaction in a Class II game.

Player tracking system. A system typically used by a gaming operation to record the amount of play of an individual patron.

Prize payout. A transaction associated with a winning event.

Prize schedule. A set of prizes available to players for achieving pre-designated patterns in Class II game(s).

Progressive prize. A prize that increases by a selectable or predefined amount based on play of a Class II game.

Promotional account. A file, record, or other data structure that records transactions involving a patron or patrons that are not otherwise recorded in a patron deposit account.

Promotional prize payout. Merchandise or awards given to players by the gaming operation which is based on gaming activity.

Random number generator (RNG). A software module, hardware component or combination of these designed to produce outputs that are effectively random.

Server. A computer which controls one or more applications or environments.

Shift. An eight-hour period, unless otherwise approved by the tribal gaming regulatory authority, not to exceed 24 hours.

Short pay. The payment of the unpaid balance of an incomplete payout by a player interface.

Tier A. Gaming operations with annual gross gaming revenues of more than \$1 million but not more than \$5 million.

Tier B. Gaming operations with annual gross gaming revenues of more than \$5 million but not more than \$15 million.

Tier C. Gaming operations with annual gross gaming revenues of more than \$15 million.

Tribal Gaming Regulatory Authority. The entity authorized by tribal law to regulate gaming conducted pursuant to the Indian Gaming Regulatory Act.

Voucher. A financial instrument of fixed value that can only be used to acquire an equivalent value of cashable credits or cash through interaction with a voucher system.

Voucher System. A component of the Class II gaming system or an external

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system that securely maintains records of vouchers and coupons; validates payment of vouchers and coupons; records successful or failed payments of vouchers and coupons; and controls the purging of expired vouchers and coupons.

§ 543.3 How do tribal governments comply with this part?

(a) Compliance based upon tier. [Reserved]

(b) Determination of tier. [Reserved]

(c) Tribal internal control standards. Within six months of October 10, 2008, each tribal gaming regulatory authority must, in accordance with the tribal gaming ordinance, establish or ensure that tribal internal control standards are established and implemented that must:

(1) Provide a level of control that equals or exceeds those set forth in this part; and

(2) Contain standards to identify, detect and deter money laundering in furtherance of a criminal enterprise, terrorism, tax evasion or other unlawful activity. The standards should be designed to facilitate the keeping of records and the filing of reports with the appropriate federal regulatory and law enforcement authorities.

(3) Establish a deadline, no later than October 13, 2010, by which a gaming operation must come into compliance with the tribal internal control standards. However, the tribal gaming regulatory authority may extend the deadline by six months if written notice citing justification is provided to the Commission no later than two weeks before the deadline.

(d) Gaming operations. Each gaming operation must develop and implement an internal control system that, at a minimum, complies with the tribal internal control standards.

(1) Existing gaming operations. All gaming operations that are operating on or before November 10, 2008, must comply with this part within the time requirements established in paragraph (c) of this section. In the interim, such operations must continue to comply with existing tribal internal control standards.

(2) New gaming operations. All gaming operations that commence operations after April 10, 2009, must comply

with this part before commencement of operations.

(e) Submission to Commission. Tribal regulations promulgated pursuant to this part are not required to be submitted to the Commission pursuant to Sec. 522.3(b) of this chapter.

(f) CPA testing. (1) An independent certified public accountant (CPA) must be engaged to perform “Agreed-Upon Procedures” to verify that the gaming operation is in compliance with the minimum internal control standards (MICS) set forth in this part or a tribally approved variance thereto that has received Commission concurrence. The CPA must report each event and procedure discovered by or brought to the CPA’s attention that the CPA believes does not satisfy the minimum standards or tribally approved variance that has received Commission concurrence. The “Agreed-Upon Procedures” may be performed in conjunction with the annual audit. The tribe must submit two copies of the report to the Commission within 120 days of the gaming operation’s fiscal year end. In performing the compliance audit, the CPA must use the Statements on Standards for Attestation Engagements No. 10 at Sections 101 (“Attest Engagements”) and 201 (“Agreed-Upon Procedures Engagements”) (collectively “SSAE’s”), July 12, 2007, American Institute of Certified Public Accountants Inc. (AICPA). SSAE No. 10 at Sections 101 and 201 are incorporated by reference into this section with the approval of the Director of the Federal Register under 5 U.S.C. 552(a) and 1 CFR part 51. To enforce any edition other than that specified in this section, the Commission must publish notice of change in the FEDERAL REGISTER and the material must be available to the public. You may obtain a copy from the American Institute of Certified Public Accountants, 220 Leigh Farm Rd., Durham, NC 27707, 1-888-777-7077, at <http://www.aicpa.org>. You may inspect a copy at the National Indian Gaming Commission, 1441 L Street, NW., Suite 9100, Washington, DC 20005, 202-632-7003. All approved material is available for inspection at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030 or